JOB PROTECTION COMMISSION

ANNUAL REPORT

FOR THE 10-MONTH PERIOD
MARCH 4, 1991, TO DECEMBER 31, 1991

GOVERNMENT OF
BRITISH COLUMBIA

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The Honorable David C. Lam
Lieutenant-Governor
Province of British Columbia

May It Please Your Honor:

I have the pleasure of submitting to you the annual report of the Job Protection Commission for the period March 4, 1991, to December 31, 1991.

David Zirnhelt
Minister of Economic Development, Small Business and Trade

David Zirnhelt
Minister of Economic Development, Small Business and Trade
Province of British Columbia

Sir:

I herewith submit my report on the activities of the Job Protection Commission for the period March 4, 1991, to December 31, 1991.

Douglas A. Kerley
Job Protection Commissioner

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TABLE OF CONTENTS

REPORT OF THE JOB PROTECTION COMMISSIONER.....7
ACTIVITIES SUMMARY.....10
EXPENDITURE STATEMENT.....11
SPECIAL PROJECTS.....13
SPECIAL COMMISSIONERS.....17
CASE HISTORIES.....19
Approvals Completed
Mediation Plans.....21
Economic Plans.....31
Pemberton Project.....35
Approved by the Job Protection Commission;
Under Consideration by Others
Mediation Plans.....43
Economic Plans.....47
Pemberton Project.....53
Counselling.....57
TERMS AND ABBREVIATIONS.....65
ACTS AND CHARTERS.....67

Note: *Prior to November 5, 1991, the Ministry of Economic Development, Small Business and Trade was part of the Ministry of Development, Trade and Tourism. This annual report uses both ministry names, depending on which was correct at the relevant time.*

REPORT OF THE JOB PROTECTION COMMISSIONER

I wish to start this report, my first as commissioner of the Job Protection Commission, by acknowledging the efforts of Murray Munro, acting director of the Business Equity Branch, and his staff, in planning, organizing and executing the commencement of operations of the commission. I also want to acknowledge the support and assistance provided to the commission by the staff of the ministries of Economic Development, Small Business and Trade; Forests; and Energy, Mines and Petroleum Resources. And last but not least, I want to thank the staff of the Job Protection Commission for their important contribution to the successes that have been achieved.

The Job Protection Commission (JPC) opened for business in Vancouver on March 4, 1991. The Job Protection Act (Bill 83) was passed by the legislature later that month and proclaimed on April 11, 1991.

The object of the commission is two-fold:

- to minimize job loss, particularly in one-industry communities, and reduce the negative impact on regional or local economies; and

- to preserve, restore and enhance the competitiveness of B.C. businesses in domestic and international markets by allowing firms to restructure rather than simply close down.

The initial response to the commission was overwhelming. In June 1991, there were approximately 1,200 telephone inquiries. Commission staff, consisting of an officer on secondment from the provincial government, an officer on secondment from Coopers and Lybrand, and an executive secretary-office manager, managed to cope with this level of activity. Many inquiries were of a general nature and involved directing the callers to the appropriate source. This was time-consuming and not productive from the commission's standpoint, but I am sure it was helpful to the callers.

The activities summary on page 10 of this report, which covers the 10-month period ended December 31, 1991, records that there were 274 general inquiries which fell within the mandate of the commission. These led to 47 case files. The businesses involved in the cases that have been dealt with as of December 31, 1991, employ approximately 1,265 people. The businesses involved in the cases under consideration as of December 31, 1991, employ approximately 8,251 people.

The Job Protection Act and the Critical Industries Act are almost identical. However, the former includes provision for the designation of special commissioners. Special commissioners have all the powers of the commissioner, except that they are not able to approve economic plans. Special commissioners have been designated in cases that are likely to be protracted and require undivided attention to appropriately address the issues.

R.S. Wood, acting as special commissioner, produced a report entitled An Analysis of the Forest Industry and Employment Situation in Alberni. The recommendations of the report are under consideration. A local group has initiated a program to address the issues, identified in the report, that face independent forestry operators.

Bill Sleeman, as special commissioner, is involved in an economic and financial analysis of the Cominco Ltd.-Trail operations. His report is expected in April 1992.

In addition, a number of special projects were undertaken. A summary of these begins on page 13.

The concept of the Job Protection Commission has proven to be sound and we have been able to build on the solid foundation left by the Critical Industries Commission. Art Phillips, commissioner of the Critical Industries Commission, and his staff established a credibility for the process which has been important to the JPC.

The mandate of the Job Protection Commission is broader than that of the Critical Industries Commission. The definition of strategic industries has been expanded from the core of the forestry and mining sectors. The minimum number of employees for businesses outside of the Greater Vancouver Regional District is five. This size factor, coupled with the proviso that the business must be significant to the economy of the community and/or region in which it is located, provides a great deal of scope for the Job Protection Commission to assist businesses throughout the province.

Another powerful element in the legislation is the override on 19 pieces of provincial legislation. While stakeholders' participation in the work of the commission is voluntary, we can empower departments, agencies and Crown corporations to contribute to a plan in ways in which they normally could not.

In addition, the components of JPC plans are not precedent-setting — anything the Job Protection Commission does is unique.

The Job Protection Act contains a two-year sunset clause; in April 1993, the commission will cease to exist. This finite term and the fact that plans approved by the JPC can extend for up to five years, allows the commission to let various stakeholders participate in constructive and flexible ways that contribute to developing a solution that is unique and specific to each business.

The commission is designed to help viable businesses solve problems created by recessionary pressures.

We start by identifying the problem and its causes, then search for solutions and identify the stakeholders required to contribute to the solution. The commission has a responsibility to involve as many of the stakeholders as possible.

As we deal with viable businesses, we structure plans, utilizing commercial rates, and build in clawback or repayment provisions for the stakeholders' contributions.

To accomplish analytical work, the commission enters into contracts with private-sector consultants and analysts, and on some occasions we have used ministry staff. A roster of about 65 firms and individuals has been developed. We are attempting to broaden the geographical distribution of the roster so that the analytical work is completed in the region in which a project originates.

It is encouraging to note that, in most cases, the stakeholders support the plans developed by the commission. This usually involves extensive discussion and negotiation, because we have a responsibility to ensure that the stakeholders' contributions are distributed in a fair and equitable manner.

In several recent cases, management and labor approached the commission after working out among themselves arrangements which address part of the problem facing their business. They came to the commission to obtain assistance in restructuring other elements such as energy, taxes, debt repayment and trade creditors. This co-operative approach to issues facing businesses in this province is a positive and constructive development.

One of the most critical aspects for the commission is its independence and freedom of action. This has been strictly respected and I want to thank the provincial government for this vote of confidence.

Douglas A. Kerley
Job Protection Commissioner

ACTIVITIES SUMMARY

Statistical Summary
For the 10-Month Period Ending December 31, 1991

Total general inquiries	274
Case files opened	47
Files under consideration	22
Case files completed	25

Case File Status Summary
For the 10-Month Period Ending December 31, 1991

	Counselling	Mediation	Economic Plans	Pemberton Project
Approvals Complete		8	2	7
Approved by Commission, Under Consideration by Other Parties		2	3	1
Under Consideration		2	4	0
Active	10			
Closed	8			
	18	12	9	8

EXPENDITURE STATEMENT

For 10-Month Period Ending December 31, 1991

Contracted professional services*	$507,151
Legal services	82,500
Travel expenses	2,875
Office and business expenses	5,697
Utilities, material and supplies	966
Rent	69,750
Office furniture and equipment	10,284
Total	$679,223

** Net of cost-shared recoveries (total — $154,348)*

Professional Services Summary

Bennett Brown and Associates	(Inn on Saltspring Island)
Bill Sleeman Ltd.	(Special Commissioner, Cominco)
Breuers and Associates	(Langley Frame and Axle)
Buckley, Gingell and Associates	(Beaven's Orchard Cannery)
Canadian Western Capital	(Cantree)
Collins Barrow	(Canwood)
Coopers and Lybrand	(JPC Office)
Coopers and Lybrand	(Westmin Resources)
Coopers and Lybrand	(Leyland Industries, Phase 1)
Coopers and Lybrand	(Leyland Industries, Phase 2)
Ernst and Young	(Wagner and Teldon, Number 1)
Ernst and Young	(Wagner and Teldon, Number 2)
Erythana Ventures Corp.	(Raven Lumber)
Erythana Ventures Corp.	(Crestbrook Lumber)
Federal Business Development Bank	(Prince George PreCut)
JVR Wark and Associates	(Northside Steel)
Job Protection Commissioner	(JPC Office)
Mel West Investments	(Alberni Engineering and Shipyard, Phase 1)
Mel West Investments	(Alberni Engineering and Shipyard, Phase 2)
Moore, W.L.	(Pemberton Project, Phase 1)
Moore, W.L.	(Pemberton Project, Phase 2)
Moore, W.L.	(Pemberton Project, Phase 3)
NLK - Celpap	(Fibreco)
Norecol Environmental	(Metalex)
Pedley, L.	(JPC Office)
Price Waterhouse	(Lytton Lumber, Phase 1)
Price Waterhouse	(Lytton Lumber, Phase 2)
Price Waterhouse	(Lytton Lumber, Phase 3)
Regional Data Corporation	(Economic Impact - Port Alberni)
Smythe Ratcliffe	(Creekside)
Sterling Wood Group	(Abfam)
Sterling Wood Group - R. Wood	(Special Commissioner, Port Alberni)

SPECIAL PROJECTS

Pemberton Project.....14
Creston Ad Hoc Committee.....15
Nakusp Ad Hoc Committee.....15
Port Alberni Economic Impact Study.....16
Doman Industries Ltd.....16
Cassiar Mining Corporation.....16

PEMBERTON PROJECT

Shortly after the Job Protection Commission commenced operations in March 1991, it was mandated by cabinet to assist the businesses in the Pemberton Valley that had been affected by the native roadblock on Duffey Lake Road. The program was directly involved with 24 of the estimated 40 small businesses in the area. Direct financial assistance was provided to eight businesses. A ninth business was assisted by mediating a dispute between its broker, banker and the Ministry of Forests, and there is one outstanding recommended economic plan.

BUSINESSES CONTACTED DURING THE PROJECT

Birkenhead Timber and Construction Ltd.
Valley Chainsaw and Recreational Ltd.
Mather's Restaurants Enterprises Inc.
Mogul Ventures Corp.
Country Feed and Pet Supply Ltd.
Pipe's Pemberton General Store Ltd.
Creekside Forest Products Ltd.
Thuro Logging Ltd.
Tibor Molnar Logging
Northern Natural Waters Co. Ltd.
Quigley Farms
Aseltine Holdings Ltd.
D and R Boomer Logging Ltd.
Phil's Drive-In
Mountain Glass and Mirror Ltd.
Pemberton Valley Hardware Ltd.
Shop-Easy Foods
Spud Valley Sporting Goods
North Creek Logging
Lillooet Lake Lodge
Thomson Logging
Country Catering
Birkenhead Lodge
Flower Bouquet

There are 105 jobs involved in the businesses that were assisted. The total cost of the program is estimated at $95,000. This includes a follow-up program until March 31, 1992, for the businesses which have received assistance.

All assistance was provided at commercial rates, and financial viability was a primary consideration.

In addition to the businesses receiving direct assistance, the other businesses contacted by the program received counselling, information and guidance in organizing their affairs.

Initially, the program ran into local resistance because a number of residents were expecting compensation, grants or subsidized financing. A number of people were disappointed when they were told that the Job Protection Commission could not meet their expectations.

In balance, the project is considered a success. It reached a broad cross-section of the business community. Those that did not receive direct assistance obtained the benefit of information, coaching and mentoring. The project is considered to be a cost-effective method of delivering this type of assistance to a community.

CRESTON AD HOC COMMITTEE

The Creston Ad Hoc Committee approached the Job Protection Commission requesting assistance in preparing an analysis and evaluation of the situation surrounding the 140,000 cubic metres of timber attached to the Crestbrook Forest Industries mill in Creston, which had been closed.

The report, prepared by Erythana Ventures Corp., was provided to the ad hoc committee in November 1991. The committee was in general agreement with the report and its recommendations, even though the report does not support the committee's contention that all of the 140,000 cubic metres formerly earmarked for the CFI Creston mill should be redistributed to the remaining two mills in Creston.

On instructions from the chairperson of the committee, copies of the report were forwarded to the Minister of Forests and the Minister of Economic Development, Small Business and Trade. The mayor and a small delegation from the committee arranged to meet with the ministers early in the new year to discuss the report and to outline their concerns regarding their community. When the Minister of Forests has had an opportunity to evaluate this input, a decision will be taken on the reallocation concept.

NAKUSP AD HOC COMMITTEE

The Nakusp Ad Hoc Committee was formed because of the community's concern regarding the impact of the impending sale of Timber Forest Licence (TFL) 23 by Westar Timber. A consultant was engaged to help prepare letters to government and organize meetings with various interested parties. The committee's strategy was to influence government to insist:

- that the purchaser of the Westar TFL be sympathetic to the needs of Nakusp;
- that the five per cent cutback in the allowable annual cut be allocated to a community organization; and
- that the various small businesses related to the forest industry in the community have access to a suitable supply of timber to protect employment in these operations.

The work of this ad hoc committee was completed in September 1991. The community is satisfied that the purchaser of the Westar TFL will be sympathetic to the needs of Nakusp businesses that depend on the forest industry. It is also expected that arrangements can be concluded between the new owners of the TFL and Columbia River Shake and Shingle to assure that company a suitable supply of raw material to sustain its operations on a normal basis.

PORT ALBERNI ECONOMIC IMPACT STUDY

Parallel to the efforts of the special commissioner, Port Alberni, the Job Protection Commission entered into a contract with Regional Data Corporation to update a longitudinal study of the workforce in the forest industry that was commissioned by the IWA and MacMillan Bloedel Ltd. during the mid-1980s. The data related to this study has been made available to the Job Protection Commission, and will be updated to provide current information about the impact on people, and the communities they live in, if there is a shift in employment status.

Combined with the special commissioner's report, these two initiatives should provide meaningful information on which to build an appropriate response and plan of action to the situation facing the communities impacted by TFL 44.

DOMAN INDUSTRIES LTD.

At the request of the Ministry of Forests, an analysis of the financial position and performance of the company and its subsidiaries was presented to the Cabinet Committee on Sustainable Development. That committee was considering the company's financial needs in the context of the expropriation of the company's cutting rights on South Moresby Island.

CASSIAR MINING CORPORATION

The Job Protection Commission was asked to co-ordinate the provincial government's response to the company's filing for protection from its creditors under the Companies' Creditors Arrangement Act (CCAA).

Peat Marwick Thorne was engaged to undertake a financial and operational viability study, and hired mining consultants to assist with the technical aspects of the project.

The company's reorganization plan involved the province providing a $13-million loan and a $5-million loan guarantee. On the recommendation of the Job Protection Commission, the province did not approve the CCAA reorganization plan, and it failed. This subsequently led to the province appointing Arthur Andersen and Co. as receiver.

SPECIAL COMMISSIONERS

Port Alberni.....18
Cominco-Trail.....18

SPECIAL COMMISSIONER, PORT ALBERNI

R.S. Wood of Sterling Wood Group Inc. was designated special commissioner in August 1991 to analyse the situation surrounding TFL 44, timber import and export in the Alberni Valley, and the implications for the licence holder, its employees, the communities involved and the business community in general.

His report identified a timber surplus that could be used to support the operations of independent operators. It also suggested that these operations represented the best prospects for creating employment in the forest industry in the area, because the MacMillan Bloedel job losses were permanent and more losses were forecast.

The report was forwarded to the Minister of Forests with the recommendation that it not be released until the completion of the recommendations of the Clayoquot Sustainable Development Strategy (scheduled for June 1992).

SPECIAL COMMISSIONER, COMINCO METALS LTD.-TRAIL

Cominco Metals Ltd. and several Trail-area communities requested that the Job Protection Commissioner appoint a special commissioner to look into the situation facing the company and its impact on the communities. Bill Sleeman was designated special commissioner in September 1991.

This project will deal with the issues surrounding the economic future of the company and communities involved. While a study of this kind would obviously have to focus on Cominco Metals Ltd., it is not intended to exclude the broader issues.

The strategy is to develop a plan of action that will reduce operating costs and generate profits, even in the current weak market. It is intended that this improvement will motivate the shareholders to commit the investment required to retrofit or replace the lead smelter.

The Cominco-Trail report is expected in April 1992.

CASE HISTORIES

APPROVALS COMPLETED: MEDIATION PLANS

401824 BC Ltd. (d.b.a. McKinnon Dairy).....22

Bag-It Custom Canvas Ltd.....23

Cassiar Mining Corp.....24

Merfin Hygienic Products Ltd.....25

Northside Steel Manufacturers Ltd.....26

370719 BC Ltd. (d.b.a. Okanagan Manufacturers (1991) Ltd.).....28

Prince George Precut Ltd.....29

Underhill Geographic Systems Ltd.....30

401824 BC LTD. (d.b.a. McKinnon Dairy)

McKinnon Dairy operated as a family-owned business in Port Alberni for 50 years. The company contacted the Job Protection Commission in the spring of 1991 after problems were encountered in the completion of a major expansion program. The dairy employs 16 full-time and two part-time people.

With assistance from Employment and Immigration Canada, the Federal Business Development Bank (FBDB) undertook an evaluation and developed a reorganization plan which allowed the operation to be taken out of receivership, initiated by the Bank of Montreal. A long-time business associate of the McKinnon family acquired the assets through the use of subordinated debt that represented the equity in the re-established operation. FBDB provided a term loan for working capital, and the Province of British Columbia provided a partial guarantee for an operating credit from the Royal Bank of Canada.

The business has gone back to its basic operations and is again operating successfully.

	Contribution by Participants
Province of British Columbia	
Development, Trade and Tourism	$42,500 loan guarantee in favor of the Royal Bank of Canada.
Others	
Federal Business Development Bank	$100,000 term loan secured by a first charge on land, building, machinery, equipment and vehicles. Repayable over 8-1/2 years at FBDB operational rate plus 1%.
Royal Bank of Canada	$50,000 operating credit at Royal Bank prime plus 1%. Secured by a first charge on inventory, accounts receivable and an 85% loan guarantee from the Province of British Columbia.
401824 BC Ltd.	Purchased assets of McKinnon Dairy for $292,500 from the receiver and subordinated its position against assets to create security for other lenders.

BAG-IT CUSTOM CANVAS LTD.

The company, which was established in 1983 to manufacture quality canvas bags in Revelstoke, obtained a regional seed capital guarantee for a loan of $60,000 from the Bank of Montreal. The Job Protection Commission negotiated a renewal of the provincial guarantee for $48,000, which was the outstanding balance of the bank loan.

	Contribution by Participants
Province of British Columbia	
Finance and Corporate Relations	Renewal of provincial loan guarantee for $48,000 Bank of Montreal loan.
Others	
Bag-It Custom Canvas	Paid a lump-sum reduction of $10,000 on its $58,000 loan and agreed to maintain monthly principal payments on the remaining $48,000 until the loan is repaid in full.

CASSIAR MINING CORPORATION

Cassiar mine is located in northwest B.C., 50 miles south of the Yukon border, and supports a community of approximately 1,050 people.

To assist with bringing the McDame underground asbestos deposit into production, the Province of British Columbia authorized a $25-million financial assistance program to Cassiar Mining Corporation. This support consisted of a $20-million loan for initial development and a $5-million component allocated for subsequent expenditures.

The mine encountered cost overruns, completion delays, operating and production problems and, in March 1991, a strike. These events created a working capital and liquidity problem, and the province cancelled the $5-million loan component and replaced it with a $5-million guarantee to the Bank of Montreal. This and a $5-million loan from Princeton Mining Corporation allowed the Bank of Montreal to increase its operating line of credit from $10 million to $15 million.

The mine continued to experience ground control and water problems that necessitated expensive rehabilitation work, which interfered with the development of additional working areas and production. This created a new working capital crisis and, in October 1991, the company filed for protection under the CCAA. When the province did not approve the company's reorganization plan (on the recommendation of the Job Protection Commission), the company was placed into receivership. Parallel to the efforts of the receiver, attempts are being made to locate a new owner-operator for the mine.

The attraction to a potential purchaser is a proven reserve of high-quality ore and a market for total production.

Cominco Engineering Services Ltd. provided a technical and operational evaluation when the $5-million guarantee was authorized. Peat Marwick Thorne conducted a financial and operation study when the company was in the CCAA.

	Contribution by Participants
Province of British Columbia	
Development, Trade and Tourism	$5-million guarantee in favor of a $15-million Bank of Montreal operating loan, for a maximum three-year term, covering 100% of any loss incurred after the realization of security. Secured by a first charge over the company's fixed assets.
Others	
Bank of Montreal	$15-million demand loan secured by inventories and receivables and a $5-million provincial loan guarantee.
Princeton Mining Corporation	$5-million unsecured loan.

MERFIN HYGIENIC PRODUCTS LTD.

Merfin Hygienic Products Ltd. is located in Delta, B.C., and employs 120 people. Originally a converter of wet-laid paper, the company undertook the production of air-laid paper in 1989. An over-estimation on the rate of increase in sales and normal start-up problems resulted in operating losses and a working capital impairment. The company approached the Job Protection Commission in early spring 1991.

Price Waterhouse was engaged by the Canadian Imperial Bank of Commerce to evaluate the operation and recommend organizational changes. Merfin's reorganized management team implemented new financial systems and controls, raised additional equity from European investors, restructured existing obligations and obtained an increased guarantee from BC Trade Development Corporation.

The company achieved break-even levels of sales in the fourth quarter of 1991.

	Contribution by Participants
Province of British Columbia	
BC Trade Development Corporation	Additional $1.4-million loan guarantee facility. Total commitment approximately $2.9 million, of which 85% is guaranteed by the Province of British Columbia.
Development, Trade and Tourism; and Western Economic Diversification (federal)	$4.6-million joint loan. DTT - three-year principal deferment; interest deferment. WED - interest free, repayment to begin in 1994 at 2% of annual gross sales.
Others	
Canadian Imperial Bank of Commerce	$750,000 loan.
BUK Investments Ltd.	$350,000 rent deferral (over seven months) to the end of the lease. $900,000 deferment of past rent arrears to the end of the contract.
CITO Kunststoffen BV	$500,000 investment by way of convertible debenture. The debenture is convertible into Merfin Hygienic common stock at 75 cents per share for up to one year. No interest will be charged for the first six months.
Danisco A/S	$500,000 investment by way of convertible debenture. The debenture is convertible into Merfin Hygienic common stock at 75 cents per share for up to one year. No interest will be charged for the first six months.
Danisco A/S	Free on-site support will be provided by Danisco, the parent company of the prime equipment installer. Estimated value of $50,000 to $70,000.
Danisco A/S	Payment of $60,000 Price Waterhouse consulting fee. Price Waterhouse assisted the company in restructuring its management team as well as its finances.

NORTHSIDE STEEL FABRICATORS LTD.

Northside Steel Fabricators Ltd. is a successful metal fabrication company with operations in Kelowna, B.C., and Medicine Hat, Alberta. The Kelowna division supplies parts and components to truck and heavy equipment manufacturers. In addition, it provides specialized products to a wide range of customers in the waste-management material handling and structural support sectors.

The company commenced operations in 1968. Employment ranges from 115 to 210 during peak periods, and the company is now considered one of the largest manufacturers of solid-waste-management equipment in Canada. The company's financial position had deteriorated significantly over the last two years as a result of the downturn in the economy and markets for truck parts, as well as the company's debt load and high management fees.

Northside was in default under the terms of its loan agreement with its bankers, and approached the Job Protection Commission in May 1991 seeking assistance to restructure its affairs so as to be able to continue operating. The firm of JVR Wark and Associates was retained to act on behalf of the commission.

The restructuring plan has allowed the company to continue operations and long-term prospects are good.

	Contribution by Participants
Province of British Columbia	
BC Trade Development Corporation	Provided an export loan guarantee of $500,000 to the Canadian Western Bank.
Others	
Management Team of Northside	In the event that the audited earnings before tax of Northside Steel Fabricators Ltd. for the year ended October 31, 1992, equal or exceed $300,000, the management will be entitled to purchase for $1.00 such number of shares from the Quorum Investors that results in the Quorum Investors retaining 35% of the outstanding common shares of Northside and the management owning 65% of the outstanding common shares of Northside. Management subscribed for common shares of Northside representing 50% ownership for $300,000 payable to Northside as working capital.
Quorum Investors	The Quorum Investors converted existing debt of $2,150,000 and accrued interest into special shares with a face value of $300,000. The special shares will be non-voting preference shares. They will be redeemable and retractable annually until October 31, 1994, from Northside's consolidated cash flow (after tax) as follows: (a) 25% of excess cash flow over $500,000; (b) plus 35% of excess cash flow over $600,000; (c) plus 50% of excess cash flow over $700,000.

continued on next page

Sale of Land and Buildings	Approximately $1,400,000 to be applied to reduce First Treasury term debt.
First Treasury	Postpone payment of term debt at $15,000 per month for 12 months. Deferred payments are to be available to Northside to make equipment purchases as and when required. Shall allow Northside to withhold $140,000, for working capital purposes, from the proceeds of sale of the land and buildings.
Province of Alberta	Provided an export loan guarantee of $600,000 to the Canadian Western Bank.
Canadian Western Bank	Terminated its forbearance agreement with respect to its demand loan of $2,100,000 and provided operating loan facilities of $3,000,000, which includes government loan guarantees.

370719 BC LTD. (d.b.a. Okanagan Manufacturing (1991) Ltd.)

Okanagan Manufacturing Ltd., located in Penticton, B.C., has been in business since 1968 manufacturing recreational vehicles and camperized vans. Since 1986, the business has operated as a division of Citair Inc. Depressed markets and cheaper U.S. products resulted in significant operating losses. Citair Inc. laid off 60 employees of Okanagan Manufacturers Ltd. in February 1991 and announced its intention to close the plant and terminate all employees.

The Epp family, successful owners of other companies manufacturing recreational vehicles, incorporated Okanagan Manufacturing (1991) Ltd. to acquire the assets of the 'old' company. They approached the Job Protection Commission in April 1991 seeking assistance in their efforts to reopen the plant and continue the manufacturing business.

The company reports that it is now employing approximately 50 people and has just signed four new contracts — prospects look good.

	Contribution by Participants
Province of British Columbia	
Development, Trade and Tourism	$150,000 term loan, secured by equipment, machinery and property.
Others	
Epp Family	Provided $400,000 new equity.
Union	Agreed to extend existing contract for one year and also agreed to waive certain rights associated with seniority, job descriptions and terminations.
Vendor	Sold all inventory at approximately 53 cents per dollar value to assist in financing the assets.

PRINCE GEORGE PRECUT LTD.

Prince George Precut is a lumber remanufacturing facility specializing in the recovery of studs, industrial products from low-grade economy lumber and joinery stock for export to Europe. This mill is located in Prince George, B.C., and employs approximately 55 people. Prince George Precut approached the Job Protection Commission in early spring 1991. Widman Management Consultants were contracted to perform a viability study, and the services of the Federal Business Development Bank were retained to prepare a financing proposal.

The program has allowed the company to restart operations by providing or freeing up working capital to allow the purchase of raw materials and to finance export contracts. The company is also doing some custom cutting, sorting and grading. Negotiations are continuing with potential European equity investors.

Contribution by Participants

Province of British Columbia	
Development, Trade and Tourism	$300,000 loan to settle overdue payables.
BC Trade Development Corporation	85% guarantee on a loan of $300,000 from the Toronto Dominion Bank under the Export Loan Guarantee Program to finance export contracts.
Others	
Federal Business Development Bank	Provided a $150,000 loan to complete a needed dry storage facility, and deferred principal payments on its existing loan of approximately $350,000 up to and including November 30, 1991.
Dunkley Lumber	Subordinated its second mortgage in favor of the Federal Business Development Bank's increase in its first charge on Prince George Precut's assets, and postponed principal payments up to and including October 21, 1991.

UNDERHILL GEOGRAPHIC SYSTEMS LTD.

Underhill Geographic Systems Ltd. employs 51 people at its Vancouver office and Vernon plant. The company specializes in data conversion, engineering and geographic software development. The Job Protection Commission was approached in the summer of 1991 to assist with short-term financial stabilization. The company had experienced problems due to start-up delays and technical problems that delayed production.

The program has allowed the company to overcome its difficulties. It is now operating with three shifts and is exceeding its revenue budget.

	Contribution by Participants
Province of British Columbia	
Development, Trade and Tourism	85% loan guarantee to a maximum of $212,500 in favor of the Hongkong Bank of Canada.
Others	
Hongkong Bank of Canada	$250,000 term loan.
Shareholders	$150,000 additional equity.
IBM	Deferred rent for seven to eight months, totalling $30,000.
Geo Technology Inc.	Carrying $200,000 of payables past due for 14 months.

APPROVALS COMPLETED: ECONOMIC PLANS

Lytton Lumber Ltd.....32
Woodland Group of Companies (Phase 1).....33

LYTTON LUMBER LTD.

Located in Lytton, B.C., this family-owned sawmill employs 45 people directly and 20 people through subcontracting. The mill produces dimensional lumber for export to the United Kingdom and Western Europe. Lytton Lumber Ltd. approached the Job Protection Commission in the spring of 1991, and the firm of Price Waterhouse was retained to act on behalf of the commission.

The business, which is the largest employer in the community, suffered losses in the 1990-91 fiscal year because of weak market conditions. This created margin and covenant deficiencies in the Canadian Imperial Bank of Commerce operating credit. The chartered bank called its loan, and during the demand period a restructuring program was established, which allowed the CIBC to re-establish its operating support and the company to continue operations with monitoring support provided by Price Waterhouse.

The restructuring will allow the company to undertake a $1.3 million upgrade of facilities financed in part by Western Diversification and equity from a venture capital corporation (VCC). A planer and kilns will allow the company to expand its exports of value-added products.

	Contribution by Participants
Province of British Columbia	
Forests	Deferred $350,000 of the approximate $375,000 owed by the company for stumpage as of April 3, 1991, for a period of six months to December 31, 1991. The company will immediately pay all other stumpage due, in excess of $350,000. The deferred portion of the stumpage owing to the Ministry of Forests bears interest at a rate of CIBC prime plus 1.5%, paid monthly in arrears.
Others	
Canadian Imperial Bank of Commerce	Re-established $500,000 operating line of credit.
Federal Business Development Bank	Deferred six principal monthly payments on its two outstanding loans which total approximately $528,000 to the end of the contracts, for a cash flow benefit of approximately $48,000 to Prince George Precut.
RoyNat Inc.	Deferred six principal payments on its approximate $340,000 term loan to the end of the contract, for a cash-flow benefit of $27,000 to Prince George Precut.
IWA	Agreement reached for a 10% reduction in wages in exchange for a profit-sharing plan.

WOODLAND GROUP OF COMPANIES (PHASE 1)

The Woodland Group operates a small sawmill, window manufacturing plant and a plant manufacturing laminated and finger-jointed panels and furniture components in the Prince George area. Together, the facilities employ 140 to 150 people. Woodland was referred to the Job Protection Commission in April 1991, by the then Minister of Forests.

The Job Protection Commission confirmed that the Woodland Group's cash flow could not support its scheduled debt payments and current operating costs. On July 5, 1991, both the Ministry of Forests and the Woodland Group requested that an economic plan be developed.

This first phase has allowed time for a second plan to be developed.

	Contribution by Participants
Province of British Columbia	
Forests	Deferment and non-acceleration agreement on past stumpage for six months.
Others	
Canadian Imperial Bank of Commerce	Line of credit extended for 60 days.
Federal Business Development Bank	Three-month postponement of principal payments.

APPROVALS COMPLETED: PEMBERTON PROJECT

Birkenhead Timber and Construction Ltd.....36

Country Feed and Pet Supply.....37

Creekside Forest Products Ltd.....38

Mather's Restaurant Enterprises Inc.....39

Mogul Ventures Corp. (Pemberton Hotel).....40

Pipe's Pemberton General Store Ltd.....41

Valley Chainsaw and Recreational Ltd.....42

BIRKENHEAD TIMBER AND CONSTRUCTION LTD.

Birkenhead Timber and Construction started as a proprietorship in 1986 and was incorporated in 1989. The company's main business is site preparation, excavation and contract logging, and it employs 12 local people on a seasonal basis. In the fiscal year ended March 31, 1990, revenue had risen to $548,000 and over $400,000 worth of heavy equipment had been purchased in anticipation of a continued increase in business.

Unfortunately, the Duffey Lake roadblock between July and November of 1990 brought company operations to a standstill. As a result, company revenues dropped dramatically, and by the spring of 1991, fixed payments and other overhead had caused the company to face a significant working capital deficiency. The company had past-due payables of approximately $132,000 when it contacted the Job Protection Commission in March 1991.

The $230,000 loan from the provincial government was disbursed in July 1991, and was sufficient to pay all creditors and provide the company with working capital to operate through the winter months.

	Contribution by Participants
Province of British Columbia	
Development, Trade and Tourism	$230,000 direct loan secured by a general security agreement over the assets of the company, and personal guarantees.

COUNTRY FEED AND PET SUPPLY

Country Feed and Pet Supply, a partnership of Shirley and Lawrence McGerry, operates a 1,500-square-foot retail store from leased premises on the east side of Pemberton, B.C. Revenues come mainly from three sources — pet foods, farm items, and non-food items such as tack and pet supplies. This business is the only one north of Squamish, B.C., that specializes in this line of products. The business employs five people.

The partnership has been underfinanced from the outset and has suffered from a chronic shortage of working capital. When the native roadblock occurred from July 1990 through November 1990, sales revenue suffered from a general economic depression that affected the whole Pemberton area. As a result, most of the company's cash flow went out to satisfy accounts payable, and when it approached the Job Protection Commission in April 1991, it was unable to maintain a satisfactory level of inventory.

Contribution by Participants

Province of British Columbia	
Development, Trade and Tourism	85% loan guarantee in favor of the Bank of Montreal.
Others	
Bank of Montreal	$45,000 term loan with amortization over five years and interest at prime plus 2%. Security, in addition to a $38,250 guarantee from the province, includes a collateral mortgage on the owners' home as well as a joint and several personal guarantee.

CREEKSIDE FOREST PRODUCTS LTD.

Creekside Forest Products Ltd. operates a 25,000-square-foot sawmill located approximately five miles east of Pemberton, B.C. The company employs 12 people on a full-time basis.

The output of the mill is a high-quality, rough-cut cedar, and market demand for this product has always been greater than supply. An American company, Cedar Siding and Lumber Inc., has agreed to purchase the entire output of the sawmill for at least the next three years. Recent negotiations with local suppliers have produced supply agreements that are more than sufficient to meet the requirements of this three-year period.

Creekside has been undercapitalized since the beginning, often causing severe pressure from creditors due to the shortage of working capital. In addition, the company has suffered numerous setbacks, including the native roadblock in 1990, which eventually caused the mill to close until additional financing could be arranged. When the company approached the commission in April 1991, it was past due in excess of $500,000 with its suppliers and creditors.

Smythe Ratcliffe was retained to act on behalf of the commission.

	Contribution by Participants
Province of British Columbia	
Development, Trade and Tourism	$223,000 direct loan to be amortized over five years with interest at prime plus 2%. Security includes a second mortgage, a general security agreement and personal guarantees.
Forests	Agreed to accept engineering drawings as partial payment of an outstanding debt of $32,000.
Others	
Cedar Siding and Lumber Inc.	$80,000 advance payment on sawmill output.
Hongkong Bank of Canada	Accepting $80,000 as full payment of the $125,000 due from the company.
E.R. Probyn - Log Broker	Accepting $30,000 as full payment of the $187,000 due from the company.
International Forest Products Ltd.	Accepting $30,000 as full payment of the $57,000 due from the company.
Federal Business Development Bank	Agreed to suspend principal payments of their loan for eight months.
Louis Potvin	Agreed to exchange $15,000 in debt for an equity position.

MATHER'S RESTAURANTS ENTERPRISES, INC.
(d.b.a. Mount Currie Food Store)

Mather's Restaurants Enterprises Inc. was originally incorporated in 1978 to operate a restaurant in Vancouver. In 1979, however, the company purchased a small grocery store and gas bar on the edge of the Mount Currie Indian Reserve. This has been an excellent location, as it not only serves the local area, but is also the last gas station before the road leading to Lillooet and Birkenhead Provincial Park.

Approximately 50 per cent of the business comes from local aboriginal people and the remaining 50 per cent comes from tourists, hunters, fishermen and the local logging trade. The company employs five people on a seasonal basis.

When the native roadblock was in place on the Duffey Lake Road from July through November 1990, it eliminated all through traffic that normally passed in front of the store and made Mount Currie literally the end of the road. Revenues dropped drastically during the important summer months, but many expenses continued, and the result was a severe shortage of working capital. When the company approached the Job Protection Commission in March 1991, store inventory had been reduced significantly and there was no gasoline on hand.

The $80,000 loan provided the company with sufficient capital to bring all creditors to a current position and to increase gasoline and grocery inventory by $30,000. Unfortunately, construction on the Duffey Lake Road held down sales from June through September, but October was an excellent month.

Winter sales have been below the budget resulting in losses and pressure on working capital and inventory levels. The project co-ordinator will be monitoring this situation early in 1992 to work out a plan of action.

Contribution by Participants

Province of British Columbia	
Development, Trade and Tourism	85% loan guarantee in favor of the Bank of Nova Scotia.
Others	
Bank of Nova Scotia	$80,000 term loan at prime plus 2%, repayable over five years. Security includes second and third mortgages plus a joint and several guarantee from the owners.

MOGUL VENTURES CORP. (d.b.a. The Pemberton Hotel)

The assets and business of the Pemberton Hotel were purchased by Mogul Ventures in 1982. In addition to the hotel, Mogul Ventures has been active in other investments, including an apartment complex and a neighborhood pub.

The primary sources of revenue for the hotel are the restaurant, pub and lounge sales, and room rental income. The hotel currently has 26 full-time and five part-time employees, and those numbers are forecast to remain about the same for the next two years. During the past five years, the hotel employed a manager and an assistant manager, but these two employees have recently been dismissed and a firm specializing in hotel management has been retained. A new manager hired through this firm is now on site.

Traditionally, the hotel has a high seasonal cash flow, with summer revenues supporting the slower winter months. During the spring and summer of 1990, the hotel was renovated, providing modern facilities in the restaurant and lounge areas.

Unfortunately, although the restaurant experienced increased sales, the cash flow expected during the summer months did not materialize. The native roadblock on the Duffey Lake Road and its effect on the community caused room rentals and lounge sales to drop significantly. As a result, when the company approached the Job Protection Commission in March 1991, the hotel was experiencing a serious working capital shortage and was unable to pay for several capital improvements that were necessary for the upcoming summer season.

The $70,000 loan enabled the hotel to improve its working capital position, as well as to continue with its modernization program. Rooms, hallways and the kitchen were improved, as well as the phone system. The hotel has actively promoted its facilities through an aggressive marketing program.

	Contribution by Participants
Province of British Columbia	
Development, Trade and Tourism	85% loan guarantee in favor of the Bank of Nova Scotia.
Others	
Bank of Nova Scotia	$70,000 term loan at prime plus 2%, repayable over five years. Security, in addition to a $59,500 guarantee from the province, includes a second mortgage on the property, a general security agreement and the joint and several guarantees from the owners.

PIPE'S PEMBERTON GENERAL STORE LTD.

The company was started as a proprietorship in 1956 by owner Harold Pipe, and was incorporated in 1981. The first store sold groceries only, but eventually developed an extensive line of dry goods as well. As business continued to improve, a second location was purchased from the grocery operations, and the original store was converted entirely to a dry goods store. The company also purchased and operated a motel on a third piece of property, but this business was destroyed in a major flood in 1984, and the company chose not to rebuild it. The company employs five people on a full-time basis.

Both the dry goods store and the grocery store were doing well until the native roadblock in the summer of 1990 seriously affected the local economy. All sales, especially dry goods revenue, were adversely affected during the winter and spring of 1990-91. As a result, dry goods inventories purchased for sale during this period remained very high, and it was necessary to utilize cash flow from grocery sales to pay dry goods invoices.

During the summer of 1991, the company hired an outside firm to organize a major inventory reduction sale at the dry goods store. Although this sale was reasonably successful and accounts payable were brought under control, the inventory level at the grocery store remained far too low. As most grocery wholesalers expect to be paid on a cash or near-cash basis, the company required additional financing, and approached the Job Protection Commission for assistance in April 1991.

The company was seeking $70,000 in additional financing, and the province agreed to back this loan with an 85 per cent guarantee ($59,500). Proceeds from this new financing would be used to increase the grocery store inventory, as well as to upgrade company facilities and equipment. The Royal Bank in Squamish had originally agreed to a new loan, but has since withdrawn its participation. Further attempts to gain the new loan have not been successful, and the company is presently utilizing a Vancouver mortgage broker in an attempt to refinance its overall debt structure.

Contribution by Participants

Province of British Columbia	
Development, Trade and Tourism	85% loan guarantee in favor of a lending/financial institution.
Others	
Lending/Financial Institution (to be determined)	$70,000 loan at prime plus 2%, repayable over five years, guaranteed to a maximum of $59,500 by the Province of B.C.

VALLEY CHAINSAW AND RECREATIONAL LTD.

Valley Chainsaw and Recreational Ltd. has been in operation in Pemberton, B.C., for the past 10 years, and was incorporated as a limited company in 1986. The company is an authorized dealer for manufacturers of chain-saws (Stihl), motorcycles (Yamaha), snowmobiles (Ski-Doo), river boats, mowers and garden tractors. Additional business includes an equipment rental operation, a small engine service, direct product sales of logging equipment and accessories, and a retail outlet for winter recreational wear. The company employs three people full-time, and up to another three part-time during peak periods.

The company's operation was directly affected by the native blockade on the Duffey Lake Road that occurred from July through November, 1990. During this period, business was reduced to a three-days-per-week operation and lost revenues were estimated at between $100,000 and $200,000. When the Job Protection Commission was contacted in March 1991, the company was suffering a severe working capital shortage, with several suppliers threatening to withdraw their inventory.

The $100,000 loan provided the company with sufficient capital to bring all creditors back to a current basis and increase inventory to proper levels. Sales have increased significantly from the previous year and the company has expanded into several new product lines. Two new employees have been hired to handle the increased business.

	Contribution by Participants
Province of British Columbia	
Development, Trade and Tourism	85% loan guarantee in favor of the Bank of Nova Scotia for a $100,000 loan.
Others	
Bank of Nova Scotia	$100,000 loan at prime plus 3%. Security in addition to the provincial guarantee is a personal guarantee supported by a collateral mortgage in the amount of $100,000 over Pemberton real estate.

APPROVED BY
JOB PROTECTION COMMISSION;
UNDER CONSIDERATION BY OTHERS:
MEDIATION PLANS

Beaven's Orchard Cannery Ltd.....44

Brinkman and Associates Reforestation Ltd.....45

BEAVEN'S ORCHARD CANNERY LTD.

This soft-fruit canning facility, located in Summerland, employs four people full-time and 40 seasonally. After two successive years of crop failures, the company is experiencing severe financial difficulty. The company approached the Job Protection Commission in May 1991. P.N. Buckley and Associates was retained to act on behalf of the commission.

The concept was to convert the business from a seasonal to a year-round operation by diversifying into vegetables. This was projected to reduce the business risk associated with the volatile soft-fruit market.

The program, as outlined below, has not proceeded. The company has been unable to make suitable arrangements with the Bank of Montreal and is currently negotiating with a local credit union to replace the chartered bank. This new lender has created a conflict in its proposed security with the position authorized by the province. Concessions requested from the province are considered to be unacceptable, and it appears that the program will collapse unless the principals provide additional equity.

	Contribution by Participants
Province of British Columbia	
Economic Development, Small Business and Trade	$400,000 loan.
Others	
Chartered Bank	Increase in line of credit from $150,000 to $365,000.
VCC	$365,000 new equity.
Principals of Beaven's	Provision of $260,000 outside collateral.

BRINKMAN AND ASSOCIATES REFORESTATION LTD.

In August 1991, Brinkman and Associates approached the Job Protection Commission for assistance. Brinkman employs 20 full-time staff in its Vancouver office and 15 to 20 field supervisors who work eight to 10 months per year. During peak planting season, the company employs approximately 500 planters throughout the province with another 200 to 300 in Alberta and Ontario. Brinkman derives the majority of its revenues from tree planting; however, in recent years it has expanded into other silviculture activities. The firm of Deloitte and Touche was retained to act on behalf of the commission.

The company experienced substantial growth, including vertical integration into two seedling nurseries in Ontario. This growth, the capital expenditures and the company's first loss strained relations with the Canadian Imperial Bank of Commerce, which subsequently withdrew its operating support. The program bridges receipt of the new equity stipulated by CIBC.

	Contribution by Participants
Province of British Columbia	
Economic Development, Small Business and Trade	$1.13-million interim loan (two-year term) secured by a second charge on real estate, personal guarantees and a hypothecation of the principal's shares in the company.
Others	
Canadian Imperial Bank of Commerce	Re-establish $2-million line of credit.
Northern Ontario Heritage Fund	Complete financing of the two Ontario nurseries.
Goods and Services Tax and Workers' Compensation	Rearrange or defer payment of amounts owing on conditions satisfactory to the Ministry of Economic Development, Small Business and Trade.

APPROVED BY JOB PROTECTION COMMISSION; UNDER CONSIDERATION BY OTHERS: ECONOMIC PLANS

Canswiss Lumber Ltd 48
Cantree Plywood Corp 49
Norvik Timber Inc 50

CANSWISS LUMBER LTD.

In 1990, Canswiss built a plant to produce yellow board for the European concrete form market. Total cost of the project was approximately $3,000,000. The company launched its product during a severe pricing war in its European market. The company also experienced problems in obtaining a consistent supply of outer boards for its panels. After incurring mounting financial losses, the company was closed in May 1991.

The economic plan developed will allow the company to re-tool and produce a specialized five-layer concrete form to serve the higher end of the European concrete form market. The company now employs 24 and has shipped eight containers of its new product to Italy.

	Contribution by Participants
Province of British Columbia	
Development, Trade and Tourism	$100,000 loan secured by equipment (this loan has not been used).
Others	
Western Economic Diversification	$175,000 working capital loan, repayable in 10 equal instalments, beginning on or before December 31, 1993, and at intervals of three months thereafter.
Pacific Basin Investments (VCC) Ltd.	$350,000 investment by way of venture capital corporation for new equipment.
Corporation of the District of Matsqui	Deferment of 1991 property tax levy in the amount of $22,030.22, without penalty, until May 1, 1992.
Tolko Industries Ltd.	Repayment of trade accounts of $130,000 on a deferred instalment basis.
Federal Business Development Bank	Will agree to defer principal payments on its $1.3-million loan and reschedule payments as follows: 20 consecutive monthly instalments of $4,300 commencing June 23, 1992, followed by 128 consecutive monthly instalments of $9,350 commencing February 23, 1994.
Swiss Canada Corporation	Will agree to defer interest on its $300,000 debenture until January 1992.

CANTREE PLYWOOD CORP.

Cantree Plywood operates a plywood plant on Annacis Island in New Westminster. It is mainly an outlet for the veneer produced by the shareholders, Slocan Forest Products Ltd. and Riverside Forest Products Ltd. Cantree suspended operations in early 1991 when market conditions deteriorated. When the market improved, the company and the union agreed to an arrangement and concessions designed to re-establish operations. Cantree Plywood Corporation has a workforce of 100. The company approached the commission in late spring of 1991 to ask for the creation of a further safety net involving energy and transportation costs under the labor agreement. The firm of Canadian Western Capital was retained to act on behalf of the commission.

Contribution by Participants

Others

Owner Contribution/Subsidy	The owners, Slocan and Riverside, will absorb the first $155,000 to $175,000 per month in net loss. The owners have the right to cease operations if a monthly net loss in excess of $215,000 is incurred.
IWA Wage Deferral and Recapture	Employees will be paid anywhere from 20% less than IWA rates, if the company is doing poorly, to 20% more than IWA rates, if the company's results improve and there are previous wage deferrals to recapture.
BC Rail Deferral and Recapture	If losses exceed $215,000 or $240,000 in any month, and Cantree does not cease operations, then BC Rail will defer 10% or 20% respectively of its inbound freight charges for that month. Deferral balances will be repaid after outstanding employee wage deferrals have been repaid.
BC Hydro Deferral and Recapture	If losses exceed $215,000 or $240,000 in any month, and Cantree does not cease operations, then BC Hydro will defer 10% or 20% respectively of its total bill for that month. Deferred balances will be repaid after outstanding employee wage deferrals have been repaid.
BC Gas Deferral and Recapture	If losses exceed $215,000 or $240,000 in any month, and Cantree does not cease operations, then BC Gas will defer 10% or 20% respectively of its total bill for that month. Deferred balances will be repaid after outstanding employee wage deferrals have been repaid.
Sunset Clause	Regardless of the level of losses incurred, no deferrals of BC Rail, BC Hydro or BC Gas charges will be made after December 31, 1993. All deferrals of BC Rail, BC Hydro and BC Gas charges will be repaid by December 31, 1995, whether or not employee wage deferrals have been repaid by then.

NORVIK TIMBER INC.

This red alder sawmill, located in Delta and employing 60 people, approached the Job Protection Commission in the spring of 1991 after filing for protection from its creditors under the CCAA. The company filed a reorganization plan under the CCAA whereby Newco (a newly constituted company) would acquire some of the claims against and assets of Norvik.

The plan will include approximately $5 million of new equity/subordinated debt, fresh financing from the provincial government and a restructuring of existing debt. The closing of the transaction will occur in December 1991 and the operation will be re-established early in 1992. The firm of Dunwoody and Co. was retained to act on behalf of the commission.

	Contribution by Participants
Province of British Columbia	
Economic Development, Small Business and Trade	Roll existing debt of approximately $738,000 under the Industrial Development Act into Newco and defer principal and payments. Advance new $1,885,000 loan and defer principal payments to March 31, 1994.
Forests	Waive 5% reduction in annual allowable cut that would otherwise be necessary in the anticipated transfer of a forest licence from Norvik to Newco.
Others	
Royal Trust	Roll existing debt of $2,145,000 into Newco.
IWA Community Credit Union	Roll existing secured debt of $542,000 into Newco and defer principal payments to December 31, 1996. Remaining debt will be partially paid, partially rolled into debt in Newco, and partially converted into Class B preferred shares in Newco.
Fletcher Challenge	Roll $1,760,000 of existing debt into Newco and defer payments. Convert remaining $500,000 of existing debt into Class B preferred shares in Newco.
Government of Canada	Roll existing $1,186,000 debt into Newco and defer payments. Advance new $1,300,000 loan and defer principal payment to March 31, 1994.
Okura and Co. Ltd.	Advance new $1,000,000 loan and defer principal payment to March 31, 1994.

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Advent	Advance new $2,700,000 loan and defer principal payment to March 31, 1994.
Techno Venture USA	Advance new $450,000 loan and defer principal payment to March 31, 1994.
Federal Business Development Bank	Advance new $1,125,000 loan and defer principal payment to March 31, 1994.
Advent, TV-USA and Federal Business Development Bank	Advance $475,000 in form of Class A preferred shares in Newco.
MacMillan Bloedel	Convert approximately $986,000 of debt from Norvik to Class B preferred shares in Newco.
BC Hydro	Defer 50% of electricity rates for three years for projected deferrals of $117,500 in year 1, $231,250 in year 2 and $240,000 in year 3.
BC Gas	Defer 50% of gas rates for three years for projected deferrals of $65,000 in year 1, $211,250 in year 2 and $240,000 in year 3.
Municipality of Delta	Defer 50% of property taxes for Newco for three years, totalling approximately $90,000 per year.

APPROVED BY
JOB PROTECTION COMMISSION;
UNDER CONSIDERATION BY OTHERS:
PEMBERTON PROJECT

Thuro Logging Ltd.....54

THURO LOGGING LTD.

Thuro Logging Ltd. is currently one of the largest independent logging companies in the Pemberton area, employing from 20 to 25 local people (including contract truckers) during the busiest parts of the year. The company began in 1956 as a proprietorship called S and S Logging and was incorporated in 1962.

During the past 35 years, the firm has acted primarily as a contract logging company for larger companies with timber quotas and has occasionally secured its own timber supply under the Small Business Program. The applications the company submits under the Small Business Program are in the names of various family members, although all logging operations and financial arrangements are actually done through the operating company, Thuro Logging Ltd.

In 1988, Stephen Phare bid on and received a Small Business Timber Sale TSL A29303. This bid reflected expectations that a significant portion of the timber could be exported as raw logs. When the yield turned out to be about two-thirds of the advertised amount and none of the timber was exempted for export, the company incurred a significant loss on the project.

In 1990, Garth Phare was successful on Small Business Sale TSL 29296 but did not have the capital to complete logging operations. The company contacted several provincial ministries and the Ombudsman's office in search of a solution, but without success. When the Job Protection Commission was contacted in April 1991, the company owed the Ministry of Forests over $500,000, was at its limit with the Royal Bank of Canada, had over $100,000 in past-due accounts payable and did not have the working capital to continue operations.

The company intends to use the $125,000 loan, the increase in its line of credit, and the shareholder's loan to pay all suppliers and creditors to a current basis and to provide working capital for the resumption of logging operations on TSL A29296. The export exemption will assist the company in being profitable on the operation, and the postponement of approximately $400,000 in stumpage debt by the Ministry of Forests will allow the company to make payments on the total debt that are within its budget.

	Contribution by Participants
Province of British Columbia	
Economic Development, Small Business and Trade	$125,000 direct loan to be repaid over five years with interest at prime plus 1%. Security to include a second mortgage, general security agreement and personal guarantees.
Forests	The current portion of the stumpage debt arising from TSL A29303 will be reduced to approximately $150,000. This amount is to be paid at $6,250 per month for a period of 24 months and will not attract interest. The balance of approximately $400,000 will be placed in a separate account and analysed at the end of the 24-month period when the above payment plan has been completed successfully. The company will be given an export exemption for 6,000 cubic metres of the timber currently being harvested under TSL A29296.

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Others

Royal Bank of Canada	The company's line of credit has been increased from $150,000 to $275,000.
Principal Shareholder	Stephen S. Phare will loan the company an additional $25,000 as a shareholder's loan.

COUNSELLING

Abfam Enterprises Ltd....58
Alberni Engineering and Shipyard Ltd....58
Aseltine Holdings Ltd....58
Cooper Group of Companies....59
Evans Forest Products Ltd....59
Inn On Salt Spring Island....59
Kootenay Tractor and Supply Ltd....60
Langley Frame and Axle....60
Leyland Industries....60
Metalex Products Ltd....61
Northern Natural Waters Co. Ltd....61
Omineca Enterprises....61
Quigley Farm....62
Raven Lumber....62
Tibor Molnar....62
Westmin Resources Ltd....63
Wolverine Tube (Canada) Ltd....63

ABFAM ENTERPRISES LTD.

In July 1991, Abfam Enterprises Ltd. approached the Job Protection Commission requesting assistance over a dispute on stumpage paid on CP 373. The company employs 30 people at its sawmill in Port Clements. Sterling Wood Group Inc. of Nanaimo was retained to act on behalf of the commission.

The resulting study suggested that an anomaly in the stumpage process created an overcharge. The only method of adjusting this is through a remission order under the Financial Administration Act (FAA). This is underway.

ALBERNI ENGINEERING AND SHIPYARD (1990) LTD.

Alberni Engineering and Shipyard carries out marine repairs, maintenance and specialized metal fabrication with an employee base of 30 to 40 people. The company approached the Job Protection Commission in May 1991.

The company purchased the operations out of receivership initiated by Canadian Western Bank. The latter financed the transaction including the principal's investment. Because of this unusual leverage and the downturn in the economy of the Alberni Valley, the company incurred losses and became technically bankrupt.

The Job Protection Commission attempted to arrange additional financing to correct the liquidity problem, but Canadian Western Bank would not convert its debt to equity to accommodate this transaction. Gary Weston (Mel West Investments) was retained by the commission to provide financial management counselling to the company until December 31, 1991. This monitoring has allowed the Canadian Western Bank to maintain its support while the company attempts to locate an investor or purchaser.

ASELTINE HOLDINGS LTD.

Aseltine Holdings Ltd. is a small company that was incorporated in 1989 by Duane and Shirley Aseltine. Its main business is bidding on and subsequently logging timber sales under the Ministry of Forest's Small Business Program. After several successful projects, the company was just starting to log a timber sale in the Lillooet Lake area when the native roadblock was set up on the Duffey Lake Road. The company was not able to continue and because of damage to their roads and equipment they were not able to start again until May 1991.

When the company approached the Job Protection Commission in May 1991, it had past-due accounts payable of $218,000 and owed the Ministry of Forests approximately $26,000 in stumpage. That ministry was also holding a deposit of $107,000 on behalf of the company.

The company's financial position, including extensive cash flow and profit forecasts, was analysed. It was determined that the company required a loan of approximately $215,000 in order to pay its debts and provide new working capital so it could continue on the Lillooet Lake timber sale.

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Unfortunately, the company did not have current financial statements, which any further request for financing would have required. The company did not have the money to pay an accountant, but the Aseltines felt they could find someone who would do the job on credit. They would then contact the Job Protection Commission when they were ready to proceed further.

COOPER GROUP OF COMPANIES (COOPER INTERNATIONAL YACHTS INC.)

The company approached the Job Protection Commission for assistance to restructure its finances. This resulted from a demand issued by the Royal Bank of Canada in October 1991, after the company lost approximately $3.4 million in the fiscal year ended June 30, 1991. The operation filed for protection from its creditors under CCAA in November 1991.

The commission agreed to review the position, primarily because the company had received an offer of financing from the Province of British Columbia, to be matched by similar funding from Western Diversification. This funding was never disbursed because of an adverse change in risk associated with the losses mentioned above.

Canadian Western Capital is evaluating the proposal.

EVANS FOREST PRODUCTS LTD.

The company requested a loan guarantee of $3 million to assist with the accumulation of logs during the spring breakup. This guarantee is in addition to the existing provincial government commitments which total approximately $8.6 million. The proposal is under consideration by Canadian Western Capital Ltd. The analytical report is expected in early 1992.

INN ON SALT SPRING ISLAND

In January 1991, the Inn on Salt Spring Island closed due to failure to service financial obligations. The principal approached the Job Protection Commission in the spring of 1991 to request assistance in restructuring its debt. Bennett Brown and Associates Inc. was hired to act on behalf of the commission.

The final report indicated that weak management had led to the business's demise, and a recommendation was made that the principal sell the real estate. The principal has sold a vacant lot to significantly reduce the operation's debt; however, the secured creditors have continued their foreclosure action.

KOOTENAY TRACTOR AND SUPPLY LTD.

Kootenay Tractor and Supply was incorporated in 1957. In early 1989, the company received a $300,000 guarantee from the Province of British Columbia to assist in obtaining an $800,000 loan from Canadian Imperial Bank of Commerce. The loan enabled the firm to acquire the FMC log skidder manufacturing operation and relocate to Nelson. The manufacturing operation was under-capitalized and this led to severe liquidity problems by January 1991. Price Waterhouse was engaged to analyse the viability of the company.

The company was requesting that the province provide interim support while the recommendations of the Price Waterhouse report could be implemented. Discussions with the commission concerned the involvement of the principals in the form of additional equity or collateral for the provincial support. The principals were not prepared to proceed in this manner and the commission indicated that it was not prepared to support their request.

Discussions continued over the next several months, but eventually the Canadian Imperial Bank of Commerce called its loan and appointed a receiver. At the time of last contact with the commission, early in December 1991, it appeared that the assets would be sold and the CIBC loans liquidated, but that there would be little left over for other creditors or the principals.

LANGLEY FRAME AND AXLE LTD.

Langley Frame and Axle operates a truck repair service in Langley, B.C. The business relocated to new premises, but the new location did not produce the forecast increase in sales and subsequent financial difficulties were experienced.

The company approached the commission in July 1991 after its bank had issued 30-day demand letters. The services of Breuer's and Associates were retained to act on behalf of the commission.

The principal sold the real estate and liquidated the liabilities of the business, which eliminated his personal guarantee.

LEYLAND INDUSTRIES LTD.

Leyland Industries Ltd., located in Pitt Meadows, B.C., is the largest custom blow-molding manufacturer in Western Canada and employs 120 people. The company markets bottles and jars for a wide variety of products. Leyland was experiencing serious financial problems and approached the Job Protection Commission in November 1991. Coopers and Lybrand were retained, on a cost-share basis with the Canada Employment and Immigration Commission (CEIC), to act on behalf of the JPC. The company is now in receivership and attempts are being made to locate an investor.

METALEX PRODUCTS LTD.

Metalex Products operates an integrated lead-battery-breaking and secondary-lead-smelting operation in Richmond, B.C., employing 17 people. Metalex was referred to the commission by Ministry of Development, Trade and Tourism staff in May 1991. The Ministry of Environment had ordered the operation to clean up its waste slag, which was being stockpiled on-site. The services of Norecol Environmental Management Ltd. were retained to act on behalf of the commission.

The company has developed a business plan and is analysing the feasibility of processing the slag to produce a value-added product and to eliminate the environmental concerns.

NORTHERN NATURAL WATERS COMPANY LTD. Pemberton Project

Northern Natural Waters Company is an established natural water bottling and marketing firm located in the Village of Pemberton. NNW's water originates from a 12,000-year-old ice cap on Ipsoot Mountain, which is approximately six kilometres from Pemberton.

The company began selling shares six years ago to raise enough capital to build a bottling plant. Approximately $200,000 has been raised to date and the plant is now operational, although it is limited in the volume it can produce. New expenditures of approximately $80,000 are necessary for the plant to reach a profitable volume, and additional working capital requirements are approximately $165,000. The company currently has only two employees but will immediately hire an additional six local people when the bottling plant is fully operational.

When the company approached the Job Protection Commission in May 1992, the bottling plant was closed due to a lack of operating capital. A complete funding proposal, including current statements and projections, was made to the Ministry of Development, Trade and Tourism. This request for a direct loan of $245,000 to the company was not approved.

OMINECA ENTERPRISES LTD. (Trans North Developments Ltd.)

These companies have been in a long-standing dispute with the Ministry of Forests regarding the cancellation of cutting rights in the Fort Nelson area. The matter has been subject to appeal boards and has been referred to the Ombudsman. Another appeal board is scheduled for early 1992.

The principals are concerned that the board will deal with several technical issues in a very narrow, legalistic sense. Mr. Peterson, who has been fighting this battle for approximately 15 years, wants the appeal board to deal with the issue of expropriation and the issues related to the cancellation of the cutting rights, not merely the technical issue of default.

QUIGLEY FARM — Pemberton Project

Pat and Jack Quigley purchased their three-hectare farm in Pemberton, B.C., in 1985 with the intention of operating a small organic market garden as a sideline. They leased an additional 10 hectares and obtained loans from the Sea-to-Sky Enterprise Centre ($50,000), the Federal Business Development Bank ($150,000) and the Bank of Montreal ($25,000).

The local Seed Potato Growers' Association would not sell the Quigleys' seed, as they were reluctant to support an organic farm in the area. By the time this was rectified and all financial assistance was in place, only a partial crop could be planted in 1990. It brought approximately $60,000 when it was harvested and sold. As a result of this small crop and the debt servicing required on the farm equipment and other assets, the Quigleys did not have the money to plant their crops in 1991.

When the Quigleys approached the Job Protection Commission for assistance in June 1991, they were seriously in arrears with all of their suppliers and creditors. A refinancing proposal was completed, including history and projections. This proposal was presented to four financial institutions including the Bank of Montreal, FBDB and the Bank of Nova Scotia in Pemberton. Unfortunately this request for new financing was declined by all four institutions.

The Quigleys were not able to raise sufficient capital to meet their payments and their creditors foreclosed on all outstanding loans in September 1991.

RAVEN LUMBER LTD.

Raven Lumber operates a sawmill near Campbell River, B.C., and employs 150 people. The company approached the Job Protection Commission in the spring of 1991 after their chartered bank expressed concern over the firm's debt load. JVR Wark and Associates was retained to act on behalf of the commission.

After studies were completed, the company restructured the mill to change its product mix, down-sized its operations and instituted a number of cost-saving measures. The chartered bank then agreed to reschedule the company's term debt.

TIBOR MOLNAR LOGGING — Pemberton Project

Tibor Molnar is a small logging contractor operating as a proprietorship from his home in D'Arcy, B.C. He owns approximately $150,000 worth of vehicles and logging equipment, including two skidders, a cat and a loader. His primary activity is as a faller and he hires three or four employees from time to time to operate his equipment. All hauling is done on a contract basis.

continued on next page

The roadblock on the Duffey Lake Road prevented Tibor from hauling to the sawmill in Lillooet. When the roadblock was removed in November 1990, the sawmill no longer wanted the fir and Tibor made an agreement with log broker S.A. Mowat.

When he approached the Job Protection Commission, Tibor had three problems:

1. Money had run out after cutting all remaining wood and delivering half of it to S.A. Mowat in Squamish.
2. The Ministry of Forests was pressuring him for stumpage on wood he had delivered to Mowat. In addition, his extension on Licence 129301 was about to expire.
3. S.A. Mowat was sending statements to Tibor showing additional deductions of approximately $10 per cubic metre for sorting, scaling and booming. Mowat was also deducting stumpage, but not remitting it to the Ministry of Forests. This left Tibor in a loss position.

The Job Protection Commission took the following action on Tibor's behalf:

1. All outstanding stumpage deducted from Tibor's account has been paid to the Ministry of Forests.
2. Tibor is being advanced enough additional money to complete TSL A20391.
3. The $10 per cubic metre in extra charges is being reconsidered.
4. Several other errors in the account between Tibor and S.A. Mowat are being corrected.

WESTMIN RESOURCES (Premier Gold Mine)

Westmin Resources approached the Job Protection Commission in March 1991 regarding the Premier project, which is located approximately 15 kilometres from Stewart, B.C. The mine employs 165 people. Coopers and Lybrand was retained to act on behalf of the commission.

The mine's difficulties arose from low-quality ore, the high Canadian dollar and structural mine problems. The commission was therefore unable to assist the company because it was not considered to be viable in the long term.

WOLVERINE TUBE (CANADA) LTD.

This copper tubing plant was located on Annacis Island in New Westminster. The firm of Deloitte and Touche was retained by the Industrial Adjustment Committee to assist the workforce in determining whether it should purchase the business. The U.S. parent company intended to close the operation.

The matter was referred to a competition tribunal and the JPC file was closed because the U.S. firm refused to sell the operation as a going concern.

TERMS AND ABBREVIATIONS

This report contains references to these terms and abbreviations:

CCAA	Companies' Creditors Arrangement Act
CEIC	Canada Employment and Immigration Commission
CP	Cutting Permit (Ministry of Forests)
d.b.a.	Doing business as...
economic plan	A plan developed by the JPC to address financial and other problems facing a B.C. business *(Note:* Plans that involve a change in regulations are only available to strategic industries — a list of these is available from the JPC.)
FAA	Financial Administration Act
FBDB	Federal Business Development Bank
IWA	International Woodworkers of America
JPC	Job Protection Commission
special commissioner	A person appointed to oversee JPC cases that require long-term and undivided attention to appropriately address the issues involved
TFL	Tree Farm Licence (Ministry of Forests)
TSL	Timber Sale Licence (Ministry of Forests)
VCC	Venture Capital Corporation
WED	Western Economic Diversification

ACTS AND CHARTERS

The Job Protection Act affects these provincial acts and charters:

British Columbia Railway Act
British Columbia Transit Act
Economic Development Electricity Rate Act
Forest Act
Hydro and Power Authority Act
Industrial Development Incentive Act
Islands Trust Act
Land Act
Mineral Tax Act
Mineral Tenure Act
Mining Tax Act
Municipal Act
Property Purchase Tax Act
School Act
Taxation (Rural Area) Act
Utilities Commission Act
Vancouver Charter
Water Act
Workers Compensation Act